the Tuberculosis Sanatorium at Madanapalli for the splendid work they are doing there and where a large number of Cochin subjects also get treatment. It is therefore only fair and proper that we contribute something to this institution. There is no saving for re-appropriation within the Budget grants. Therefore the additional allotment is necessary. I request the House to grant the same.

32. Mr. C. V. Iyyu *(Kunnamkulam):* May I know whether the Madras Government permit our patients being taken to the Perindurai Sanatorium.

Rao Sahib Dr. T. Verghese *(Chief Medical Officer):* Yes.

Demand put and carried

15. Rs. 3,429 under "11-Forest and Tramway-2-Tramway B. 6-unforeseen charges"

Mr. T. Narayana Menon *(Conservator of Forests):* Sir, I rise to move for an additional allotment of Rs. 3,429 under "11—Forest and Tramway—2 Tramway B. 6—unforeseen charges". This amount represents the amount of premium that has to be paid during the current year for insuring the Tramway Workshop against war risks. It was not anticipated at the time of the submission of the original Budget. I request that the House may be pleased to grant the allotment.

Demand put and carried

LEGISLATIVE BUSINESS—GOVERNMENT BILLS

1. The Cochin Kerosene (Excise Duty) Bill

Mr. Parambi Lonappan *(Commissioner of Excise):* Sir, I move that the Cochin Kerosene (Excise Duty) Bill be read in Council. The provisions of the Bill are very simple. The object of the Bill is to impose an excise duty on kerosene manufactured in the State.

Mr. M. Sivarama Menon *(Advocate-General):* I second it.

Motion put and carried

Secretary to the Legislative Council: The title of the Bill is the Cochin Kerosene (Excise Duty) Bill.

Mr. Parambi Lonappan *(Commissioner of Excise):* I request the President may be pleased to suspend Standing Order No. 32.

Mr. President: The Standing Order is suspended.

Mr. Parambi Lonappan *(Commissioner of Excise):* Sir, I move that the Bill be taken into consideration.

Mr. M. Sivarama Menon *(Advocate-General):* I second it.

Mr. Shabdai S. Koder *(Nominated):* Sir, I would like to know the places where Kerosene is manufactured in the State.

Mr. M. Sivarama Menon *(Advocate-General):* On account of the rise in the price of Kerosene in certain places people began to manufacture Kerosene from Crude Oil, without taking any licence. In Kumbalam, Erur and some other places this was being done. But now this is not done since the price of crude oil itself has gone very high. In Travancore also this was being done and they have enacted the same measure.

Clauses 2 to 5 put and carried
Clause 1 put and carried
Preamble put and carried

Mr. Parambi Lonappan *(Commissioner of Excise):* Sir, I move that the Bill be taken up and passed tomorrow.

Mr. M. Sivarama Menon *(Advocate-General):* I second it.

Motion put and carried

2. The Cochin Income-tax Act (Amendment) Bill

Mr. M. Sivarama Menon *(Advocate-General):* Sir, I move that the Cochin Income-tax Act (Amendment) Bill be read in Council.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Mr. M. Sivarama Menon *(Advocate-General):* Sir, the main purpose of this amendment is to bring our law, into line with the corresponding British Indian Act and the only substantial provision in the Amending Bill is the amendment to section 53 of the Act which is to the

LIBRARY ARCHIVES Kerala Legislative Assembly

following effect.—"In the case of a business of which all the operations are not carried out in Cochin, the profits and gains of the business deemed under this section to accrue or arise in Cochin shall be only such profits and gains as are reasonably attributable to that part of the operations carried out in Cochin".

Now certain difficulties are felt in the matter of assessment of the business concerns which do business in more places than one. Now suppose a certain business concern has branches in Cochin, British India and Travancore. It will have to pay tax in all the three places, on account of the fact that the business is being transacted in all the three places. Such business concerns will be subjected to double taxation, and it works hardship in certain cases. It is therefore considered necessary to provide that in the case of businesses of which all the operations are not carried out in Cochin, the profits and gains assessable in Cochin shall be only such of the profits as are reasonably attributable to the operations carried on here. A corresponding provision also exists in the British Indian Act. The profits that accrue on account of the operations in a a particular territorial unit can alone be taxed. It is necessary that commercial laws should be uniform as far as possible with those prevailing in British India and Travancore and nobody should be subjected to double taxation for one and the same income in more places than one. It is to obviate this hardship that this provision has been introduced.

Secretary to the Legislative Council: The title of the Bill is "The Cochin Income-tax Act (Amendment) Bill."

Mr. M. Sivarama Menon *(Advocate-General):* I request the President may be pleased to suspend Standing Order No. 32.

Mr. President: The Standing Order is suspended.

Mr. M. Sivarama Menon *(Advocate-General):* Sir, I move that the Bill be taken into consideration.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Clauses 2 to 7 put and carried

Clause 1 put and carried

Preamble put and carried

Mr. M. Sivarama Menon *(Advocate-General):* I move that the Bill be taken up and passed tomorrow.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Motion put and carried

3. The Cochin Excess Profits Tax Act (Amendment) Bill

Mr. M. Sivarama Menon *(Advocate-General):* Sir, I move that the Cochin Excess Profits Tax Act (Amendment) Bill be read in Council.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Mr. M. Sivarama Menon *(Advocate-General):* Sir, consistently with the amendment that we are making to the Cochin Income-tax Act, an amendment has to be made to the Excess Profits Tax Act also. There is no special feature on which I have to offer comments.

Secretary to the Legislative Council: The title of the Bill is the Cochin Excess Profits Tax Act (Amendment) Bill.

Mr. M. Sivarama Menon *(Advocate-General):* I request that the President may be pleased to suspend Standing Order No. 32.

Mr. President: Standing Order No. 32 is suspended.

Mr. M. Sivarama Menon *(Advocate-General):* Sir, I move that the Bill be taken up for consideration.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Clauses 2 to 4 put and carried

Clause 1 put and carried

Preamble put and carried

Mr. M. Sivarama Menon *(Advocate-General):* Sir, I move that the Bill be taken up and passed tomorrow.

Mr. C. J. Mathew *(Joint Secretary to Government):* I second it.

Motion put and carried

LIBRARY ARCHIVES Kerala Legislative Assembly

2. *Definitions.*—In this Act unless there is anything repugnant in the subject or context.—

(*a*) "Kerosene" means any inflammable hydro-carbon (including any mixture of hydro-carbons or any liquid containing hydro-carbons) which.—

(*i*) is made from petroleum as defined in section 2 of the Cochin Petroleum Act, XXXVI of 1112, and

(*ii*) is intended to be or is ordinarily, used in liquid form for purposes of illumination or for producing power.

(*b*) "Manufactory" means any place where kerosene is refined or otherwise prepared.

3. *Imposition of excise duty in kerosene manufactured in Cochin State.*—(*i*) There shall be levied and collected at every manufactory in Cochin State on all kerosene produced in such manufactory a duty at such rates not exceeding eight annas on each imperial gallon, as Government may specify from time to time by notification in the Cochin Government Gazette.

Explanation.—Kerosene is said to be produced within the meaning of this section, when it is issued out of the premises of the manufactory.

(*ii*) If any duty payable under sub-section (*i*) is not paid within the time fixed by a notice issued in accordance with any rules made under this Act, the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding four times the amount of the duty so unpaid, which such authority may in its discretion think it reasonable to require.

(*iii*) Any sum recoverable under this section shall be recoverable under the Cochin Revenue Recovery Act, IV of 1083 as if it were an arrear of revenue and shall be recoverable in addition to and not in substitution of any other penalty incurred under this Act.

4. *Issue of kerosene after commencement of Act.*—(*i*) After the commencement of this Act, no person shall issue any kerosene out of the premises of any manufactory except in accordance with the provisions of rules made under this Act in that behalf, or until such rules are made, in accordance with the general or special orders of Government.

(*ii*) Whoever contravenes the provisions of sub-section (*i*) shall be punishable with fine which may extend to rupees one thousand or to a sum four times the amount of the duty payable on any kerosene so issued, whichever is greater.

5. *Application of the Cochin Sea Customs Act XII of 1109 and rule-making power.*—(1) Government may by notification in the Cochin Government Gazette, declare that any of the provisions of the Cochin Sea Customs Act, XII of 1109 relating to the levy of and exemption from Customs duties draw-back of duty, warehousing, offences and penalties, confiscation, and the procedure relating to offences and appeals shall, with such modifications and alterations as they may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on kerosene imposed by section 3, and may further, for the purpose of providing for the assessment and collection of the said duty and for the purposes ancillary thereto, makerules.—

(*i*) imposing on owners of manufactories the duty of furnishing returns and keeping records and books, prescribing the forms of such returns, records and books and the particulars to be contained therein respectively and the manner in which the same are to be verified and all such other conditions thereof as may be necessary;

(*ii*) providing for the regulation of the issue of kerosene out of manufactories, the assessment of the duty and the issue of notices requiring payment and for the recovery of unpaid duty;

(*iii*) providing for the inspection of manufactories and for the taking of samples, and for the making of tests of any substance produced therein and

(*iv*) for generally carrying into effect the purposes hereinbefore specified.

(2) In making any rule under the rule-making power hereinbefore conferred the Government may declare that any breach thereof shall be punishable with fine which may extend to rupees five hundred.

Statement of Objects and Reasons

In Travancore an excise duty is imposed on kerosene produced in manufactories. It is deemed necessary to impose a similar duty on kerosene produced in Cochin State and to take power for this purpose. Hence the Bill.

APPENDIX IV

The Cochin Income-tax Act (Amendment) Bill

Whereas it is expedient further to amend the Cochin Income-tax Act, VI of 1117, for the purposes hereinafter appearing;

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It is hereby enacted as follows.—

1. (1) This Act may be called the Cochin Income-tax (Amendment) Act.....of 1118.

(2) It shall be deemed to have come into force on the 1st day of Chingam 1118.

2. In sub-section (5) of section 3 of the Cochin Income-tax Act, VI of 1117, hereinafter referred to as the Act, between the words "the Indian Companies Act, 1913" and "as made applicable to Cochin" the words "or the said Act" shall be inserted.

3. In clause (*vii*) of sub-section (1) of section 12 of the Act, for the words "the net annual value after deducting the foregoing allowances" in both the places where they occur, the words "the annual value" shall be substituted.

4. In sub-section (5) of section 38 of the Act, for the words "a Commissioner" the words "the Commissioner" shall be substituted.

5. In the proviso to sub-section (2) of section 44 of the Act, for the words and figures "section 42 or section 109" the words and figures "section 42, section 43 or section 109" shall be substituted.

6. In section 52 of the Act, for sub-section (3), the following shall be substituted, namely.—

"(3) In the case of a business of which all the operations are not carried out in Cochin, the profits and gains of the business deemed under this section to accrue or arise in Cochin shall be only such profits and gains as are reasonably attributable to that part of the operations carried out in Cochin".

7. In section 107 of the Act, after sub-section (4), the following sub-section shall be added, namely.—

"(5) The provisions of sub-section (1) and sub-section (2) shall not apply and shall be deemed never at any time to have applied to any assessee where by any direction given or any distribution or allocation of work made by the Government under sub-section (2) or by the Commissioner under sub-section (4) of section 8 a particular Income-tax Officer has been charged with the functions of assessing that assessee".

Statement of Objects and Reasons

According to the existing provisions of the Income-tax Act, the profits or gains from the sale in Cochin of any merchandise exported to Cochin from outside shall be deemed to have accrued and arisen in Cochin. Such a provision works hardship in certain cases. It is therefore considered necessary to provide that in the case of businesses of which all the operations are not carried out in Cochin, the profits and gains in Cochin shall be only as are reasonably attributable to the operations carried out in Cochin. The other amendments in the Bill seek to supply certain omissions and also to make the provisions of our Act correspond to the provisions of the British Act.

APPENDIX V

The Cochin Excess Profits Tax Act (Amendment) Bill

Whereas it is expedient further to amend the Excess Profits Tax Act, II of 1117, for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. (1) This Act may be called the Cochin Excess Profits Tax (Amendment) Act.....of 1118.

(2) It shall be deemed to have come into force on the 1st day of Chingam 1118.

2. In section 5 of the Cochin Excess Profits Tax Act, II of 1117, hereinafter referred to as the Act, after the second proviso, the following proviso shall be added, namely.—

"Provided further that this Act shall not apply to any business the whole of the profits of which accrue or arise in British India or an Indian State other than Cochin; and where the profits of a part of a business accrue or arise in British India or an Indian State other than Cochin, such part shall, for the purpose of this provision, be deemed to be a separate business the whole of the profits of which accrue or arise in British India or an Indian State other than Cochin, and the other part of the business shall, for all the purposes of this Act, be deemed to be a separate business".

3. After section 28 of the Act, the following shall be added as section 29.

"Government may, by notification in the Cochin Government Gazette, make an exemption, reduction in rate or other modification in respect of excess profits tax in favour of any business or in regard to the whole or any part of the income of any person".

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